



California Board of Accountancy
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**DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE
 November 21, 2019
 CALIFORNIA BOARD OF ACCOUNTANCY MEETING**

California Board of Accountancy
 2450 Venture Oaks Way, Suite 420
 Sacramento, Ca 95833
 Telephone: (916) 263-3680

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

California Board of Accountancy (CBA) President George Famalett, CPA, called the meeting to order at 10:13 a.m. on Thursday, November 21, 2019 at the California Board of Accountancy in Sacramento. The CBA convened into closed session at 12:11 p.m. and recessed at 12:30 p.m. The CBA reconvened into open session from 1:30 p.m. until 3:35 p.m. The CBA reconvened into closed session from 3:40 p.m. until 5:25 p.m. President Famalett adjourned the meeting at 5:27 p.m.

CBA Members

George Famalett, CPA, President
 Mark J. Silverman, Esq., Vice-President
 Nancy J. Corrigan, CPA, Secretary/Treasurer
 Jose A. Campos, CPA
 Mary M. Geong, CPA
 Karriann Farrell Hinds, Esq.
 Dan Jacobson, Esq.
 Xochitl A. León
 Luz Molina Lopez
 Carola A. Nicholson, CPA
 Ariel Pe
 Deidre Robinson
 Katrina L. Salazar, CPA
 Michael M. Savoy, CPA

November 21, 2019

10:13 a.m. to 5:27 p.m.
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 10:13 a.m. to 5:27 p.m.
 10:13 a.m. to 5:27 p.m.
 Absent
 10:13 a.m. to 5:27 p.m.
 10:13 a.m. to 4:30 p.m.
 10:13 a.m. to 5:27 p.m.
 10:13 a.m. to 3:50 p.m.
 10:13 a.m. to 5:27 p.m.
 10:13 a.m. to 5:27 p.m.
 10:13 a.m. to 5:27 p.m.
 10:13 a.m. to 5:27 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Christy Abate, Administrative Manager
Rich Andres, Information Technology Staff
Christine Baker, Enforcement Assistant
Aaron Bone, Information and Planning Officer
Ileana Butu, Legal Counsel, Department of Consumer Affairs (DCA)
Theodore Dracar, Deputy Attorney General (DAG), Department of Justice (DOJ)
Corey Faiello-Riordan, Enforcement Manager
Paul Fisher, Enforcement Supervising ICPA
Dominic Franzella, Chief, Enforcement Division
Dave Hansen, Systems Administrator
Alegra Keith, Assistant Human Resources Liaison
Thilini Macugay, DCA, Organizational Improvement Office
Roberto Mendoza, Enforcement Analyst
Denise Murata, Enforcement Analyst
Kari O'Connor, Enforcement Manager
Shauna Palacios, Enforcement Analyst
Rebecca Reed, Board Relations Analyst
Peter Renevitz, Legislative Analyst
Ben Simcox, CPA, Deputy Chief, Enforcement Division
Wayne Wilson, Special Projects Analyst
Melissa Winchell, Enforcement Manager

Committee Chairs and Members

Joseph Rosenbaum, CPA, Chair, Enforcement Advisory Committee (EAC)
Angela Honzik, CPA, Vice-Chair, Qualifications Committee (QC)
Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee (PROC)

Other Participants

Timothy J. Aspinwall, Administrative Law Judge, Office of Administrative Hearings
James Comstock, Petitioner
Jason Fox, California Society of CPAs (CalCPA)
Carmen Denise Mosley, Petitioner
Pilar Oñate-Quintana, The Oñate Group
Anita K. Sims, Petitioner
Seth Weinstein, Esq.

I. Report of the President.

A. Introduction of New California Board of Accountancy Member Ariel Pe.

President Famalett introduced new CBA Member Ariel Pe.

B. Resolution for Retired California Board of Accountancy Member Alicia Berhow.

It was moved by Ms. Nicholson and seconded by Ms. León to approve the resolution for retired CBA Member Alicia Berhow.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None.

- C. Resolution for Retiring Qualifications Committee Member Joanna Bolsky, CPA.

It was moved by Ms. Robinson and Seconded by Mr. Campos to approve the resolution for retiring QC Member Joanna Bolsky, CPA.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None.

- D. Announcement of California Board of Accountancy Leadership Award of Excellence.

This item was deferred to a future meeting.

- E. 2020 California Board of Accountancy Member Committee Interest Survey.

President Famalett provided an overview of the Committee Interest Form, which is used to appoint members to committees that assist the CBA with its consumer protection mission. President Famalett stated that CBA Members should complete the Committee Interest Form, as the forms will be used by the next CBA President to appoint members to the Committee on Professional Conduct (CPC), Enforcement Program Oversight Committee (EPOC), Legislative Committee (LC), Mobility Stakeholder Group (MSG), and the CBA liaisons for the EAC, PROC, and QC.

- F. Announcement of California Board of Accountancy Members Appointed to the National Association of State Boards of Accountancy Committees.

President Famalett reported that the following CBA members were appointed/reappointed to a National Association of State Boards of Accountancy (NASBA) committee:

- Nancy J. Corrigan, CPA – Continuing Professional Education Committee
- Katrina L. Salazar, CPA – NASBA Board of Directors Pacific Regional Director
- Katrina L. Salazar, CPA – Chairperson of the Bylaws Committee

G. Department of Consumer Affairs Director's Report on Departmental Activities.

This item was a written report only.

II. Report of the Vice-President.

A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.

It was moved by Ms. Salazar and seconded by Ms. Robinson to appoint Thomas Gilbert, CPA as Vice-Chairperson to the EAC effective January 1, 2020 through December 31, 2020.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None.

It was moved by Mr. Campos and seconded by Ms. Corrigan to appoint Douglas Aguilera, CPA as Chairperson to the EAC effective January 1, 2020 through December 31, 2020.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None.

- B. Recommendations or Appointment(s)/Reappointment(s) to the Qualifications Committee.

It was moved by Mr. Campos and seconded by Ms. Salazar to appoint Mehrnaz “Nasi” Raissian, CPA as Vice-Chairperson and reappoint Kimberly Sugiyama, CPA as Chairperson to the QC effective January 1, 2020 through December 31, 2020.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None.

- C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.

It was moved by Mr. Campos and seconded by Ms. Salazar to reappoint Renee Graves, CPA as Vice-Chairperson and Jeffrey De Lyser, CPA as Chairperson to the PROC effective January 1, 2020 through December 31, 2020.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None.

III. Report of the Secretary/Treasurer.

- A. Fiscal Year 2019-20 First Quarter Financial Report.

Secretary/Treasurer Corrigan reported that the budget authority for the CBA for the current fiscal year has been adjusted to \$16,532,000. She stated that the increase from the previous fiscal year budget is due to successful budget change proposals for additional full time personnel, staffing for the Business Modernization Project, and allocated funding to support candidate accommodations to take the Uniform CPA Examination (CPA Exam). She

stated that additional funding in the areas of employee compensation, retirement, and DCA Pro Rata was also received.

Secretary/Treasurer Corrigan stated that DCA continues to reconcile revenue and expenditure numbers for fiscal years (FY) 2017-18 and FY 2018-19 and those will be made available to the CBA once finalized.

Secretary/Treasurer Corrigan stated that actual expenditures as of September 30, 2019 were \$3,587,529. She stated that the CBA is currently projected to end the current fiscal year with an approximate surplus of \$586,003, but this will likely change as the fiscal year progresses.

Secretary/Treasurer Corrigan stated that it is anticipated the CBA will see an increase in Enforcement expenditures this fiscal year and ongoing due to the increase in the hourly rate for services rendered by the Attorney General's Office.

Secretary/Treasurer Corrigan stated that the Fund Condition Statement indicated that the CBA is projected to end FY 2019-20 with approximately 12.8 months in the reserve fund. She stated that this number may change after receipt of finalized year-end information for FY 2017-18 and FY 2018-19.

Secretary/Treasurer Corrigan stated that the revenue projections for FY 2019-20 and beyond are reflective of the license renewal and initial licensure fee increase to \$250 that will go into effect January 1, 2020.

IV. Report of the Executive Officer.

A. Update on Staffing.

Ms. Bowers reported that she is still recruiting to fill the Executive Secretary position that was vacated earlier in the year.

B. Discussion and Possible Action to Update the Executive Officer's Delegation of Authority to Include the Authority to Complete Regulatory Changes Pursuant to California Code of Regulations Section 100 – Changes Without Regulatory Effect.

Ms. Pearce stated that the purpose of this item is to request CBA approval to modify the Executive Officer's Delegation of Authority to provide the authority to initiate regulatory changes pursuant to California Code of Regulations section 100 – Changes without Regulatory Effect.

Ms. Pearce stated that the Executive Officer has the authority to act on behalf of the CBA for functions as detailed on the Delegation of Authority, which is signed annually by the CBA President, following the election. She stated that the Delegation presently provides authorization to perform tasks primarily

associated with the Enforcement process and the ability to make minor and non-substantive edits to CBA reports and meeting minutes.

Ms. Pearce stated that the CBA was being asked to add Section 100 changes, or “Changes without Regulatory Effect”, to the Delegation. She stated that Section 100 regulatory changes do not materially change any requirement, right, responsibility, or any other regulatory element of any regulation.

Ms. Pearce stated that by providing this authorization, staff can prepare Section 100 changes and submit these rulemaking packages to the Office of Administrative Law (OAL) for review and approval without waiting for a regularly scheduled CBA meeting.

Ms. Pearce stated that regulatory changes that do not meet the Section 100 criteria would continue to be presented to the CBA at regularly scheduled meetings, where CBA members would consider taking action to initiate a rulemaking.

Mr. Jacobson stated that he opposes adding this into the Executive Officer's delegation because the CBA would be giving the Executive Officer the authority to decide what has regulatory effect.

Ms. Butu stated that staff checks with legal first to determine if any changes meet Section 100 criteria. Additionally, she noted that OAL must approve any final proposed change and agree that it meets Section 100 criteria.

It was moved by Mr. Campos and seconded by Mr. Savoy to approve the modified Delegation of Authority to authorize the Executive Officer to initiate Section 100 changes to make changes without regulatory effect.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: Mr. Jacobson.

Absent: Ms. Hinds.

Abstain: None.

C. Update Regarding the Information Technology Audit.

Mr. Hansen reported that in May 2019, the California Military Department (CMD) conducted an assessment of the CBA's information technology (IT) systems. He stated the assessment was a comprehensive independent security assessment that included professional military staff from the CMD

working onsite and externally, to evaluate all of the CBA's internal and external IT systems and processes.

Mr. Hansen stated that two separate teams, a Compliance and Assessment team (Blue Team) and a Penetration Test team (Red Team), performed the assessment. He stated that the Blue Team was primarily focused on assessing the CBA's network defenses and evaluating their compliance with State Information Security Office policies, and Federal and Industry security standards. He stated that this included conducting a comprehensive vulnerability assessment of all of the CBA's servers, computers, and the CBA's public website, along with firewall rule analysis, a simulated "Phishing" campaign and other security tests.

Mr. Hansen stated that the Red Team represented a group of threat actors or hackers who use various tools and techniques that have been used successfully in real-world network compromises. He stated that their primary focus was to attempt to target the CBA's network for possible network compromise and data theft both from within CBA's network, and externally from the Internet.

Mr. Hansen stated that the CBA received a high security rating, with significant improvements made over the CBA's 2016 independent security assessment results.

Mr. Hansen stated that the assessment teams did identify some minor issues, with the Blue Team's issues mainly related to PC and printer configuration management. He stated that the Red Team was unsuccessful in their efforts to compromise the CBA's network with its attempts quickly detected and identified.

Mr. Hansen stated that the CBA, along with the rest of DCA, will be subject to annual independent security assessments for the next few years. He stated that a date has not yet been set for our 2020 independent security assessment.

Ms. León inquired if the audit included the credit card payment system.

Mr. Hansen stated that the audit did not include the credit card payment system. He stated that DCA along with the other boards and bureaus were assessed separately.

Mr. Campos inquired if staff could obtain the results of DCA's technology audit.

Mr. Hansen stated that he will contact DCA to see if they could provide an update for its audit at a future CBA meeting.

D. Update on the California Board of Accountancy's Communications and Outreach.

Mr. Bone reported that on September 26, 2019 during the lunch break of the CBA's meeting, Ms. Corrigan led the CBA's outreach program on the campus of Cal Poly Pomona. He stated that following the lunch time portion of the program, staff met one-on-one with students to answer questions about their academic progress towards licensure.

Mr. Bone stated that on December 6, 2019, CBA Member Salazar will speak at CalCPA's "From Community College to CPA" event at American River College in Sacramento. He stated that the event will focus on the qualifications to sit for the CPA Exam.

Mr. Bone stated that on January 30, 2020, Ms. Corrigan will represent the CBA at CalCPA's "Student Professional Issues Update" on the campus of San Francisco State University. He stated that the CBA was also invited to another CalCPA community college event at Pasadena City College on May 8, 2020.

Mr. Bone stated that Governor Newsom approved Assembly Bill 1521, the CBA's Sunset Bill. He stated that staff are implementing a communications and outreach plan to inform our licensees of the bill and how it affects them. He stated that the plan includes Internet-based communications through social media, the CBA website, and email.

V. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

A. Enforcement Advisory Committee.

1. Report of the October 3, 2019, Enforcement Advisory Committee Meeting.

Mr. Rosenbaum reported that the EAC reviewed 25 closed case files and held four investigative hearings.

B. Qualifications Committee.

1. Report of the October 23, 2019, Qualifications Committee Meeting.

Ms. Honzik reported that at the October QC meeting and sub-committee meeting, there were a total of eight Section 69 reviews and one personal appearance. She stated that the QC recommended six of those for approval of a CPA license, and two were deferred.

2. Approval of the 2020 Qualifications Committee Meeting Dates.

It was moved by Mr. Campos and seconded by Ms. Nicholson to approve the 2020 Qualifications Committee meeting dates.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None

C. Peer Review Oversight Committee.

There was no report on this agenda item.

VI. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Franzella provided an overview of this item.

VII. Petition Hearings.

A. James Comstock, CPA License Number 63952 – Petition for Reinstatement of Surrendered Certificate.

The CBA heard Mr. Comstock's petition for reinstatement of surrendered certificate.

B. Carmen Denise Mosley, CPA License Number 75691 – Petition for Reinstatement of Revoked Certificate.

The CBA heard Ms. Mosley's petition for reinstatement of revoked certificate.

C. Anita Kay Sims, CPA License Number 82728 – Petition for Reinstatement of Surrendered Certificate.

The CBA heard Ms. Sims' petition for reinstatement of surrendered certificate.

VIII. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy will Convene into Closed Session to Deliberate on the Above Petitions.

IX. Regulations.

A. Regulation Hearing Regarding Title 16, California Code of Regulations Sections 7.1, 8, 70, 75.5, 87.6, and 89.1 – Obsolete and Outdated.

Good afternoon. This is a public hearing on proposed regulations of the California Board of Accountancy, Department of Consumer Affairs, to consider amending CBA Regulations Sections 7.1, 8, 70, 75.5, 87.6, and 89.1.

On behalf of the CBA and its staff, I'd like to welcome you. My name is Aaron Bone and I serve as the California Board of Accountancy's Information and Planning Officer. I will preside over this hearing on behalf of the CBA and the Department.

The California Board of Accountancy is contemplating this action pursuant to the authority vested by Sections 5010, 5018, 5027, 5082, 5134, and 5157 of the Business and Professions Code, authorizing the CBA to amend, adopt, or repeal regulations for the administration and enforcement of Title 16, Division 1, of the Business and Professions code. For the record, the date today is November 21, 2019 and the time is approximately 3:30 p.m. Our hearing is being held at the California Board of Accountancy, 2450 Venture Oaks Way, Suite 420, Sacramento, CA 95833.

The notice for the hearing on these proposed regulations was published by the Office of Administrative Law on September 27, 2019. Interested parties on our mailing list have been notified of today's hearing. The language of the proposed regulations has been mailed to those who requested it and has been available on the CBA's website and upon request by other members of the public since September 26, 2019. Copies of the proposed regulations are available here today.

If the CBA has received written comments on the proposal, those comments will be entered into the official record of the proceedings. The CBA shall be provided and shall consider all written comments received through November 12, 2019.

Those persons interested in testifying today should identify themselves and the section or subsection of the proposed regulations that they wish to address. Individuals will be called to testify in the order determined by recognition from the hearing officer.

If you have a comment about the proposed regulation or any part or specific subsection of the proposal, please step up to the microphone and give your name, spelling your last name and tell us what organization you represent, if any. Speak loudly enough for your comments to be heard and recorded.

Remember, it's not necessary to repeat the testimony of previous commentators. It is sufficient if you simply say that you agree with what a previous speaker has stated. Written testimony can be summarized but should not be read. When you are testifying, please identify the particular regulation proposal you are addressing. Please comment only on provisions of the article under discussion.

If you have a question about a proposed regulation, please re-phrase your question as a comment. For example, instead of asking what a particular subdivision means, you should state that the language is unclear and why. This will give the CBA an opportunity to address your comments directly when the CBA makes its final determination of its response to your comments.

Please keep in mind that this is a public forum to receive comments on the proposed regulations from interested parties. It is not intended to be a forum for debate or defense of the regulations. After all witnesses have testified, the testimony phase of the hearing will be closed.

No public comments were received.

Mr. Bone closed the regulation hearing at 3:38 p.m.

B. Discussion and Possible Action to Amend Title 16, California Code of Regulations Sections 7.1, 8, 70, 75.5, 87.6, and 89.1 – Obsolete and Outdated.

It was moved by Mr. Campos and seconded by Mr. Savoy to:

- **Adopt the proposed language to repeal Title 16, California Code of Regulations sections 8, 87.6, and 89.1 and the proposed amendments Title 16, California Code of Regulations sections 7.1, 70, and 75.5.;**
- **Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the DCA Director; the Business, Consumer Services, and Housing Agency; and OAL; and**
- **Authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.**

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None.

X. Report of the Licensing Chief.

A. Licensing Activity Report.

Mr. Franzella provided an overview of this item.

Ms. Nicholson inquired if proof of continuing education (CE) completion is requested at the time of license renewal will the workload of staff be reduced.

Mr. Franzella stated that at time of renewal, licensees provide a list of the CE that was completed during their reporting period. He stated that staff reviews the CE information provided and then will request documentation after the fact of a select group.

Ms. Molina Lopez inquired on the amount of renewal applications are selected for CE audit per month.

Mr. Franzella stated that 75 to 100 individuals are selected monthly for CE audit. He stated that generally every licensee selected is compliant and very few end up with significant issues. He stated that the process will probably change considerably as there are more opportunities for renewal applications to be submitted electronically and providers being able to reconcile completed CE.

XI. Meeting Minutes.

A. Adoption of the Minutes of the September 26-27, 2019, California Board of Accountancy Meeting.

It was moved by Mr. Campos and seconded by Mr. Jacobson to adopt the minutes of the September 26-27, 2019 California Board of Accountancy meeting.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. Molina Lopez, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: Ms. León, Ms. Nicholson, and Mr. Pe.

- B. Acceptance of the Minutes of the July 25, 2019, Mobility Stakeholder Group Meeting.
- C. Acceptance of the Minutes of the September 26, 2019, Committee on Professional Conduct Meeting.
- D. Acceptance of the Minutes of the July 25, 2019, Enforcement Program Oversight Committee Meeting.
- E. Acceptance of the Minutes of the September 26, 2019, Legislative Committee Meeting.
- F. Acceptance of the Minutes of the July 11, 2019, Enforcement Advisory Committee Meeting.
- G. Acceptance of the Minutes of the January 23, 2019, Qualifications Committee Meeting.

It was moved by Ms. Robinson and seconded by Mr. Campos to accept items XI.B. through XI.G.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. Molina Lopez, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: Ms. León, Ms. Nicholson, Mr. Pe, and Ms. Robinson.

XII. Other Business.

A. American Institute of Certified Public Accountants.

1. Report on Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.

- a. State Board Committee.

Ms. Salazar reported that at the October 2, 2019 meeting, some of the initiatives communicated were that the American Institute of Certified Public Accountants (AICPA) is working within its communications department developing informational toolkits. She stated that the AICPA is evaluating whether these would be board materials or candidate directed toolkits.

Ms. Salazar stated that there was continued discussion regarding licensing and testing in India and that the AICPA is continuing its outreach with the Institute of Chartered Accountants of India. She stated that one of the primary messages were that should an agreement be reached to have international testing in India, security was reiterated to be of the upmost importance. She stated that Prometric currently has eight corporate-owned testing centers in India where the testing would occur.

Ms. Salazar stated that there was discussion regarding continuous testing. She stated that the CBA is already making movement towards that goal in 2020. She stated that there is continued discussion to be aware of how all jurisdictions and states in the United States move forward. She stated that it was discussed what the impact of continuous testing would be if all of the jurisdictions were able to move forward at the same time.

Ms. Salazar stated that the AICPA made excess CPA Exam materials available to the public. She stated that because of the release, students are able to get a sense of what the exam questions entail. She stated that the released exam questions will not be used in a future exam.

Ms. Salazar stated that there was discussion that the tri-party agreement between NASBA, AICPA and Prometric is scheduled for evaluation and the timeline is to have an agreement within 2020. She stated that the tri-party agreement relates to the CPA Exam, which is required by the CBA and all jurisdictions for CPA licensure.

Ms. Salazar stated that there was discussion regarding the practice analysis of the CPA Exam. She stated that the AICPA is conducting an analysis of what CPA licensees do within the first few years of work. She stated that there has been significant effort for outreach. She stated that she requested to have representation from CPAs in California. She stated that there were focus groups at different stakeholder levels. She concluded that there will be additional information about the results of the analysis at the end of December 2019.

B. National Association of State Boards of Accountancy.

1. Report of the National Association of State Boards of Accountancy Pacific Regional Director.

Ms. Salazar reported that at the October Board of Director's meeting, there was movement with a Mutual Recognition Agreement (MRA) with South Africa. She stated that there continues to be international

agreements which govern recognition and reciprocity. She stated that the CBA will need to vote to recognize the MRA.

Ms. Salazar stated that the CPE Statement of Standards was issued in May and had a comment period through August. She stated that there were a few minor revisions in the final draft that was approved. She stated that one of the revisions through the comment period had to do with adaptive learning programs and how the amount of CE credit is being determined. She stated that the CBA previously moved on nano and blended learning, but not on adapted learning.

Ms. Pearce stated that in the exposure draft, the CBA was supportive of adaptive learning and once it is finalized, staff will bring it to the CBA to formally initiate a rulemaking to adopt adaptive learning.

2. Report on Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.
 - a. Report of the National Association of State Boards of Accountancy Annual Meeting held on October 27 through October 30, 2019.

Ms. Corrigan reported that significant topics covered at the NASBA annual meeting included emerging technology, data analytics, and the CPA evolutionary process. She stated that the meeting also covered globalization of the profession, the mobility issue, reciprocity, and the code of conduct throughout the various states. She stated that NASBA and AICPA are looking into possibly enhancing the experience requirement for report signers and a draft should be available in the near future.

Ms. Corrigan stated that regarding diversity in the profession, approximately 44 percent of accounting student enrollees and 42 percent of all graduates are ethnically diverse.

Ms. Molina Lopez inquired if the diversity numbers were nationwide.

Ms. Corrigan stated that the numbers were nationwide because it was conducted at a national level.

Ms. León inquired if California has reciprocity with any other countries.

Ms. Salazar stated that yes there is reciprocity with other countries through MRAs. She stated that the MRAs are a continual process with terms that expire and get renewed at an international level process.

Ms. Bowers stated licensees who are members of chartered accountancy licensing bodies with MRAs that want to pursue licensure in the U.S., may take the International Qualifications Examination in lieu of the CPA Exam as a way to meet the examination requirement as part of the licensure process. The objective of the 4.5-hour examination is to assess the candidate's knowledge of U.S. generally accepted accounting principles, accounting standards, taxation and business law and emphasizes areas in which there are differences between U.S. and foreign accounting practice.

Ms. Bowers stated that individuals coming from a country with an MRA would have an expedited process for licensure in the U.S. and in return, licensees from the U.S. would have an expedited process for obtaining licensure there. She stated that when the MRAs come forward, the CBA has the option to recognize the agreement, which for California applies only to the examination requirement. She stated that licensure candidates are still required to meet educational or experience requirements to obtain licensure in California. She stated that the CBA has recognized all of the agreements that NASBA has adopted.

Ms. Salazar stated that NASBA retains a list of current MRAs on their website.

Mr. Campos stated that it is his understanding that California does not recognize the CPA or equivalent from an international firm as part of mobility and that there would need to be a specific licensure process in California to have a license. He stated that one caveat could be that another state could have a more lax recognition process for an international licensure candidate, that person could then obtain a license in that state and be able to practice through mobility in California.

Ms. Salazar stated that this provides a way for the CBA to have an oversight and understanding of who is coming in internationally with the recognized countries.

b. Bylaws Committee.

Ms. Salazar reported that Bylaws Committee completed an annual review of the bylaws and the bylaw provisions were approved by the Bylaws Committee.

Ms. Salazar stated that she was nominated to serve as the Chair of the Bylaws Committee for the 2019-20 year.

c. Diversity Committee.

There was no report on this agenda item.

XIII. Report on the Mobility Stakeholder Group, Committee on Professional Conduct, Enforcement Program Oversight Committee, and Legislative Committee.

A. Mobility Stakeholder Group.

1. Report of the November 21, 2019, Mobility Stakeholder Group Meeting.
2. Discussion and Possible Action to Initiate a Rulemaking to Amend Title 16, California Code of Regulations Section 19 – Practice Privilege Forms for Individuals.

Mr. Campos reported that as part of legislation that made the mobility program permanent, language was included to allow for the CBA through a majority vote to require licensees from a state to provide notification and fee prior to practicing. He stated that the CBA would require this in instances it determines that allowing licensees from a particular state to practice in California prior to notification would violate its duty to protect the public.

Mr. Campos stated that staff noted that an additional option to the Safe Harbor section of the proposed form should be added to allow for an option of “Other” if none of the other boxes apply, and require individuals checking the “Other” box to provide a written explanation.

Mr. Campos noted that while a fee is required, one is not included in this rulemaking activity as prior to establishing the fee, the fee analysis being secured will need to occur. He stated that staff will include some instructive information with the form that explains that a fee will be required.

Ms. Butu reiterated that at the MSG meeting, there was some discussion about Section D of the form that references employees and if a partner was considered an employee. She stated that if the CBA wished, it could add the definition of “employee” to specify that it does or does not include partners of a firm as an employee.

Mr. Campos stated that this was discussed during the MSG meeting and staff would include clarification regarding this matter in the cover letter or in an attachment and there would be no need to add a definition into the form.

The MSG recommended that the CBA:

- **approve the amended regulatory text and form incorporated by reference in Title 16, California Code of Regulations, section 19, with the inclusion of another option of “Other” in Section C – Safe Harbor;**
- **direct staff to submit the text to the Director of the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency for review; and**
- **if no adverse comments are received, authorize the Executive Officer to take all steps necessary to initiate the rulemaking process, make any non-substantive changes to the package, and set the matter for hearing.**

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, and Mr. Savoy.

No: None.

Absent: Ms. Hinds.

Abstain: Mr. Silverman.

3. Update and Possible Action Regarding the California Board of Accountancy Directed Plan Related to the Ongoing Determinations of States’ Substantial Equivalency to Enforcement Best Practices and Disciplinary Disclosures.

Mr. Campos reported that staff provided an update on the MSG-developed and CBA-directed plan related to perform ongoing determinations of states’ substantial equivalency to enforcement best practices and disciplinary disclosures.

Mr. Campos stated that staff continues to monitor legislation in other states to assess any impacts.

Mr. Campos stated that staff noted that it completed its review of disciplinary flags on either other states’ websites or through CPAverify. He stated that staff found all states to be in compliance with the exception of two – the Commonwealth of the Northern Mariana Islands and the Virgin Islands. He stated that staff have been in contact with NASBA related to this and will report back to the CBA and MSG at future meetings.

There was no action on this item

4. Discussion Regarding the Mobility Activity Report.

Mr. Campos reported that the MSG discussed the Mobility Activity Report, which provides statistical information on various areas associated with California's mobility program.

There was no action on this item.

B. Committee on Professional Conduct.

1. Report of the November 21, 2019, Committee on Professional Conduct Meeting.
2. Discussion and Possible Action on Proposed Legislative Language to Amend Business and Professions Code Sections 5070 and 5070.5 and Add Business and Professions Code Section 5009.5 to Protect the Privacy of Applicant and Licensee Email Addresses.

Mr. Jacobson reported that the purpose of this was to provide the CBA an opportunity to consider and approve a legislative proposal that adds Business and Professions Code (BPC) section 5009.5 to the Accountancy Act to ensure all email addresses provided to the CBA are not subject to public disclosure, and delete the existing email confidentiality provisions in BPC sections 5070 and 5070.5 since they would no longer be necessary.

The CPC recommended the CBA approve the proposed language and directed staff to seek its inclusion in a 2020 omnibus bill, or if necessary, seek an author to carry a separate bill.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None.

C. Enforcement Program Oversight Committee.

1. Report of the November 21, 2019, Enforcement Program Oversight Committee Meeting.
2. Discussion and Possible Action Regarding Revisions to the Petition Form.

Ms. Corrigan reported that staff provided the EPOC with an overview of the revisions to the Petition Form. The revisions included updated information to assist petitioners in completing the Petition Form with the

most accurate information, additional boxes and sections for the petitioner to select all applicable petition requests and to write a narrative explanation, and the *California Board of Accountancy Petition Hearings* manual was added as an informative attachment to the Petition Form.

There was no action on this item.

3. Discussion and Possible Action to Amend the Proposed Regulatory Text for Title 16, California Code of Regulations Section 98, Disciplinary Guidelines and Model Orders, and Section 99.1, Rehabilitation Criteria for Denials, Suspensions, Revocations, Restorations, Reduction of Penalty.

Ms. Corrigan stated that the CBA adopted comprehensive changes to its Disciplinary Guidelines at its meeting in March 2019. She stated that the modifications of the Disciplinary Guidelines in the paper included:

- A revised subsection (b) and (c) have been created to address how the CBA will evaluate certain criteria as it pertains to individuals who are applying for initial licensure
- A new subsection (d) has been added to explain how the CBA will evaluate the completion of a criminal sentence when considering the suspension, revocation, and petition for reinstatement of a license, or petition of reduction of penalty
- And modifications to the regulatory text for CBA Regulations sections 98 and 99.1 were proposed.

The EPOC recommended the CBA:

- **Approve the proposed modifications to the regulatory text for CBA Regulations section 98, and the accompanied Disciplinary Guidelines and Model Orders, and section 99.1; and**
- **Direct staff to submit the proposed changes to the existing rulemaking file under review by the Department of Consumer Affairs and Business, Consumer Services, and Housing Agency.**

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None.

D. Legislative Committee.

1. Report of the November 21, 2019, Legislative Committee Meeting.
2. Final Actions and Outcomes on Legislation the California Board of Accountancy Took a Position On in 2019.

This was a written report only.

3. Discussion and Possible Action on Proposed Legislative Language to Amend Business and Professions Code Section 5007 to Authorize the Secretary/Treasurer or Another California Board of Accountancy Member to Preside at Meetings of the California Board of Accountancy.

Ms. Molina Lopez reported that the purpose of this item was to provide the CBA an opportunity to consider and approve a legislative proposal on the authority to preside over CBA meetings. She stated that it would authorize the President to appoint the Secretary/Treasurer, or a non-officer CBA member to preside in the absence of any officers.

The LC recommended the CBA approve the proposed language and directed staff to seek its inclusion in a 2020 omnibus bill, or if necessary, seek an author to carry the bill.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None.

4. Discussion and Possible Action on Proposed Legislative Language to Add Business and Professions Code Section 5093.1 to Authorize an Individual to Sit for the Uniform Certified Public Accountant Examination Prior to Degree Conferral.

Ms. Molina Lopez reported that this item was to provide the CBA an opportunity to consider and approve a legislative proposal that grants the CBA authorization to permit applicants for the CPA Exam the ability to sit for the examination prior to degree conferral.

The LC recommended the CBA approve the proposed language and direct staff to seek its inclusion in a 2020 omnibus bill, or if necessary, seek an author to carry a separate bill.

Further, the LC recommended the CBA direct staff to draft proposed rulemaking materials pursuant to this legislative proposal and place them on a future CBA meeting agenda.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None.

5. Legislative Items for Future Meeting. The California Board of Accountancy may discuss other items of legislation in sufficient detail to determine whether such items should be on a future Legislative Committee meeting agenda and/or whether to hold a special meeting of the Legislative Committee to discuss such items pursuant to Government Code section 11125.4.

XIV. Officer Elections.

A. Secretary – Treasurer.

It was moved by Mr. Campos and seconded by Mr. Jacobson to appoint Mark J. Silverman, Esq. as Secretary/Treasurer of the California Board of Accountancy.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None.

B. Vice-President.

It was moved by Ms. Nicholson and seconded by Ms. Robinson to appoint Michael M. Savoy, CPA as Vice-President of the California Board of Accountancy.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong,

Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None.

C. President.

It was moved by Mr. Campos and seconded by Mr. Jacobson to appoint Nancy J. Corrigan, CPA as President of the California Board of Accountancy.

Yes: Mr. Campos, Ms. Corrigan, Mr. Famalett, Ms. Geong, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Pe, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Absent: Ms. Hinds.

Abstain: None.

XV. Closing Business.

A. Public Comments.

There were no public comments.

B. Agenda Items for Future California Board of Accountancy Meetings.

Mr. Jacobson requested the topic of what is the legal definition of substantially related to the practice of accountancy be added to a future agenda for discussion.

- XVI. Closed Session: Pursuant to Government Code Section 11126(a)(1), the Board Will Meet in Closed Session to Conduct the Annual Evaluation of its Executive Officer.
- XVII. Closed Session: Pursuant to Government Code Section 11126(c) (3), the California Board of Accountancy Will Convene Into Closed Session to Deliberate on Enforcement Matters.
- XVIII. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Convene Into Closed Session to Receive Advice From Legal Counsel on Litigation.
- A. *Sam Walker and Sam Walker CPA, Inc. v. Department of Consumer Affairs, California Board of Accountancy, and the Office of Administrative Hearings*, Los Angeles County Superior Court, Case No. BS171533.
- B. *Lanfeng Zhao and ELZ Accountancy Corporation v. California Board of Accountancy*, Los Angeles Superior Court, Case No. 18STCP02951.
- C. *Lowell A. Baisden v. Patti Bowers Executive Officer, Board of Accountancy, Department of Consumer Affairs, State of California, Evan J. Geilenkirchen, and Jane M. Geilenkirchen*, Fifth Appellate District Court of Appeal, Case No. F076662.
- D. *Subramaniam Easwara Ramanan and Neeka Accountancy Corporation v. California Board of Accountancy, Department of Consumer Affairs, State of California*, Sixth District Court of Appeal, Case No. H041566.
- E. *Michael D. Robinson v. California Board of Accountancy*, San Francisco County Superior Court, Case No. CPF-19-516602.
Adjournment.

President Famalett adjourned the meeting at 5:27 p.m. on Thursday, November 21, 2019.

Nancy J. Corrigan, CPA, President

Mark J. Silverman, Esq., Secretary/Treasurer

Rebecca Reed, Board Relations Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.